



STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us*

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT)
PETITION OF CORVIS CORPORATION,)
LLC AND FOCAL COMMUNICATIONS)
CORPORATION OF NEW JERSEY FOR)
APPROVAL TO TRANSFER ULTIMATE)
CONTROL AND FOR OTHER RELIEF)

ORDER OF APPROVAL

DOCKET NO. TM04030174

(SERVICE LIST ATTACHED)

BY THE BOARD¹:

On March 15, 2004, Corvis Corporation (Corvis), on behalf of itself and its wholly owned subsidiary, Corvis Acquisition Company, Inc. (Corvis Acquisition, collectively with Corvis, Transferees), and Focal Communications Corporation (Focal), on behalf of itself and its wholly owned, indirect subsidiary, Focal Communications Corporation of New Jersey, (Focal-NJ collectively with Focal, Transferors) filed for Board approval for the proposed transfer of control of Focal and the indirect transfer of control of Focal-NJ to Corvis, pursuant to an agreement and plan of merger (Merger Agreement). After the completion of the transaction, Focal-NJ will become a wholly owned subsidiary of Corvis and will continue to offer the same services it currently provides on the same terms, rates and conditions that it currently provides to customers in the state.

BACKGROUND

Focal-NJ is a privately held Delaware corporation, who is authorized to provide local exchange and interexchange telecommunications services. See Order I/M/O the Petition of Focal Communications Corporation of New Jersey for Approval of an Initial Tariff and the Authority to Provide Local Exchange, Exchange Access and Interexchange Telecommunications Services throughout New Jersey, Docket No. TT97060400, dated June 10, 1998. In New Jersey, Focal-NJ provides service to large business customers. Focal-NJ in turn is a wholly owned subsidiary of Focal Financial Services, Inc. (Focal Financial) which is in turn, a wholly owned subsidiary of Focal. Focal is a privately held, Delaware corporation with its principal place of business in Chicago, Illinois. According to the petition, Focal is the holding company of numerous facilities-based national communications providers that provide service to commercial carriers and resellers. Some of its services include switched local, long distance, toll-free, international services, T1, Internet Access and private networking. Through its subsidiaries, Focal is authorized to provide local and long distance services in approximately twenty (20) states and is also authorized by the Federal Communications Commission to provide domestic and international services.

¹ Commissioner Frederick F. Butler did not participate in the deliberation or on the vote on this matter.

Corvis is a Delaware corporation with its principal office located in Columbia, Virginia. According to the petition, Corvis operates two divisions within the telecommunications industry. Its communications division managed by its Broadwing Communications, LLC subsidiary (Broadwing) is a provider of data, voice and video to carrier and commercial customers. Broadwing is a Delaware limited liability company and a wholly owned subsidiary of C III Communications, LLC(C III), which in turn a subsidiary of Corvis. Broadwing (formerly known as IXC Corporation) was granted authority to provide long distance services in New Jersey. See Order I/M/O the Application of IXC Communications Services, Inc., for Approval to Provide Facilities Based Long Distance Services, in Docket No. TE99030202. Corvis acquired Broadwing on June 13, 2003, when C III purchased the assets of Broadwing Telecommunications Inc. See Order I/M/O the Joint Petition Of C III Communications, LLC, C III Communications Operations, LLC, Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. for Approval to Transfer Assets and Customers, Docket No. TM03030221, dated June 20, 2003. Corvis also owns Corvis Acquisition, which will be merged with and into Focal Communications Corporation upon consummation of the proposed transaction. Corvis Acquisition was formed to effectuate the proposed transaction and does not hold any authority to provide telecommunications services.

The petitioners state that pursuant to the merger agreement executed by the parties on March 3, 2004, the parties have agreed to merge Corvis Acquisition with and into Focal. Focal Financial and Focal-NJ will then become indirect wholly owned subsidiaries of Corvis and the ultimate control of Focal-NJ will transfer to Corvis.

According to the Petition, the proposed transaction will be completed at the holding company level and, as such, will not adversely affect the services provided by Focal-NJ. Focal-NJ will continue to operate under the same name and operating authority as present. Customers will continue to receive services at the same terms and conditions under its existing tariff. Therefore, the transaction will be transparent to customers. The petition also states that Focal-NJ's current management and employees are expected to remain with the company.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board believes that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to Focal-NJ's New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms and conditions in existence prior to the transaction.

Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, on the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with law and in the public interest. The Board HEREBY APPROVES the request by Petitioners for this transaction.

DATED: 5/12/04

BOARD OF PUBLIC UTILITIES
BY:

(signed)
JEANNE M. FOX
PRESIDENT

(signed)
CAROL J. MURPHY
COMMISSIONER

(signed)
CONNIE O. HUGHES
COMMISSIONER

(signed)
JACK ALTER
COMMISSIONER

ATTEST:

(signed)
KRISTI IZZO
SECRETARY